

Message Text

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PAGE 01 BRUSSE 07258 011656Z
ACTION EUR-12

INFO OCT-01 IO-14 ISO-00 AID-05 CEA-01 CIAE-00 COME-00
EB-07 FRB-01 INR-07 NSAE-00 EPG-02 SP-02 STR-04
TRSE-00 LAB-04 SIL-01 OMB-01 AGRE-00 /062 W
-----026584 020136Z /65

R 011645Z JUL 77
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 0633
INFO ALL EC CAPITALS
AMEMBASSY PARIS
USMISSION GENEVA

UNCLAS BRUSSELS 07258

USEEC

PASS AGRICULTURE ELECTRONICALLY
GENEVA ALSO FOR USMTN
PARIS ALSO FOR USOECD

E.O. 11652: N/A
TAGS: EAGR, EEC
SUBJ: EC GRAIN EXPORT SUBSIDIES

REF: EC BRUSSELS 4336

1. AN OFFICIAL IN THE COMMISSION'S GRAIN DIVISION TOLD US
THT YESTERDAY'S GRAIN MANAGEMENT COMMITTEE APPROVED A NUM-
BER OF CHANGES IN EXPORT SUBSIDIES APPLICABLE TO GRAINS AND
GRAIN PRODUCTS. FOR WHEAT, A SUBSIDY OF 83 U.A./MT HAS BEEN
INTRODUCED FOR EXPORTS TO ZONE V A (WEST CENTRAL AFRICA).
FOR BARLEY, A SUBSIDY OF 57 U.A./MT HAS BEEN INTRODUCED
FOR EXPORTS TO "NEARBY COUNTRIES" (I.E., SWITZERLAND,
AUSTRIA, SPAIN, PORTUGAL, SCANDINAVIA). SUBSIDIES FOR OTHER
AREAS REMAIN AT ZERO. THE OFFICIAL SAID THAT IT AS UN-
LIKELY THAT SIGNIFICANT QUANTITIES OF ANY GRAIN WOULD BE
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EXPORTED WITH THE NEW SUBSIDY RATES IN JULY. HE POINTED
OUT THAT A NEGATIVE ADJUSTMENT IN THE SUBSIDY RATE WOULD
APPLY TO EXPORTS EFFECTED IN AUGUST (OR THEREAFTER) REFLECT-
ING THE DECREASE IN EC THRESHOLD PRICES AT THE START OF THE
NEW CROP YEAR. (EC EXPORT SUBSIDIES ARE AUTOMATICALLY AD-
JUSTED TO REFLECT CHANGES IN GRAIN THRESHOLD PRICES).
CONSEQUENTLY, THE "NET" EXPORT SUBSIDY APPLICABLE IN AUGUST

TO THE DESTINATIONS MENTIONED ABOVE WOULD BE 75 U.A./MT
FOR WHEAT AND SLIGHTLY UNDER 50 U.A./MT FOR BARLEY.

2. THE OFFICIAL SAID THAT THE SUBSIDY FOR WHEAT FLOUR (ASH
CONTENT 0 TO 520) HAD BEEN INCREASED FROM 86 TO 91 U.A./MT.
FOR SHIPMENTS IN AUGUST, 13 U.A. WOULD BE DEDUCTED FROM THIS
FIGURE TO REFLECT THRESHOLD PRICE CHANGES; HOWEVER, THE COM-
MISSION WAS ALSO APPLYING A POSITIVE CORRECTIVE AMOUNT OF
20 U.A./MT BEGINNING IN AUGUST. THUS, "NET" XPORT
SUBSIDY FOR WHEAT FLOUR IN AUGUST WOULD BE 98 U.A./M.T.

3. THE OFFICIAL AID THAT THE EXPORT SUBSIDY FOR BARLEY
MALT REMAINED AT 53 U.A./M.T. HOWEVER, BEGINNING IN NOVEM-
BER, A POSITIVE CORRECTIVE AMOUNT OF 21 U.A./M.T. OULD BE
APPLIED TO MALT EXPORTS. TAKING INTO ACCOUNT THE CORREC-
TIVE REFLECTING THE CNGES IN THE THRESHOLD PRICE BETWEEN
NOW AND NOVEMBER (- 4 U.A./TON), THIS OULD MEAN THAT THE
"NET" EXPORT SUBSIDY FOR MALT EXPORTS IN NOVEMBER WOULD BE
70 U.A./M.T. THE OFFICIAL AID THAT THE PURPOSE OF THIS
RATHER COMPLICATED SYSTEM OF ADJUSTING MALT EXPORT SUB-
SIDIES WS TO ENSURE TO THE MAXIMUM EXTENT POSSIBLE THAT
THE HIGHER SUBSIDIES WOULD APPLY ONLY TO NEW CROP MALT.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GRAINS, EXPORT SUBSIDIES, COMMITTEE MEETINGS
Control Number: n/a
Copy: SINGLE
Sent Date: 01-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BRUSSE07258
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770236-0462
Format: TEL
From: BRUSSELS USEEC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t197707100/aaaadipk.tel
Line Count: 85
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 07f98662-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 EC BRUSSELS 4336
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 08-Oct-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1722606
Secure: OPEN
Status: NATIVE
Subject: EC GRAIN EXPORT SUBSIDIES
TAGS: EAGR, EEC
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/07f98662-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009